

Message Text

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ACTION ARA-14

INFO OCT-01 IO-13 ISO-00 AID-05 CIAE-00 COME-00 EB-08
FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15
STR-04 CEA-01 L-03 H-01 PA-01 PRS-01 AGRE-00
INT-05 IGA-02 ITC-01 /109 W
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R 091723Z SEP 77

FM AMEMBASSY PORT AU PRINCE
TO SECSTATE WASHDC 6173
INFO AMEMBASSY CARACAS
AMEMBASSY KINGSTON
AMEMBASSY PORT OF SPAIN
AMEMBASSY GEORGETOWN
AMEMBASSY BRIDGETOWN
AMEMBASSY SANTO DOMINGO
AMEMBASSY NASSAU
AMEMBASSY PARAMARIBO
AMCONSUL BELIZE
AMEMBASSY MEXICO CITY
AMEMBASSY SAN JOSE
USMISSION USUN NEW YORK

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E.O. 11652: N/A
TAGS: EAID, HA
SUBJ: FORMATION OF AD HOC TASK FORCE ON CARIBBEAN POLICY

REF: STATE 204041

1. SUMMARY. AN INCREASED U.S. EFFORT IN THE CARIBBEAN HAS
MERIT AND NEED NOT NECESSARILY INVOLVE SPENDING MORE MONEY
AT LEAST SO FAR AS HAITI IS CONCERNED. MISSION OPINION IS
DIVIDED WHETHER THE EFFORT SHOULD INVOLVE A NEW REGIONAL
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DEVELOPMENT INSTITUTION OR CONTINUED USE OF EXISTING IN-
STITUTIONS. IN HAITI, THE KEY ISSUES ARE COORDINATION NEEDS
AND INSTITUTIONAL PROBLEMS. U.S. ASSISTANCE TO HAITI WILL
CONTINUE TO FOCUS ON THE RURAL POOR BUT SIGNIFICANT HAITIAN
PROGRESS WILL DEPEND ON INCREASING PRODUCTION IN OTHER, MORE
PRODUCTIVE SECTORS TO PROVIDE ALTERNATIVE EMPLOYMENT. U.S.
TRADE BARRIERS, PARTICULARLY THE U.S. IMPOSED BILATERAL

TEXTILE AGREEMENT, LIMIT ACCESS TO U.S. MARKETS AND ARE IN-
CONSISTENT WITH OVERALL POLICY GOALS FOR HAITI. END SUMMARY

2. EMBASSY APPRECIATES OPPORTUNITY TO CONTRIBUTE TO STUDY TO
DEVELOP OPTIONS FOR CARIBBEAN AREA. CARIBBEAN AREA IS
EXTREMELY DIVERSE, EXEMPLIFIED ON THIS ISLAND BY HISPANIC
DOMINICAN REPUBLIC PROSPERING IN THE EAST, AND AN IMPOVER-
ISHED FRANCO-AFRICAN HAITI IN THE WEST. HAITI AND, PRESUMABLY,
OTHER COUNTRIES NOW PERCEIVE U.S. POLICY FOR THE REGION AS
EITHER SOMETHING VAGUELY DEFINED AS LATIN OR UNIQUELY
CONCEIVED FOR THE INDIVIDUAL COUNTRY--FOR EXAMPLE, AS HUMAN
RIGHTS FOR HAITI.

3. HAITI WOULD BE ONE OF FIRST TO ENDORSE CONCEPT THAT
CARIBBEAN AREA NEEDS, AND WOULD BENEFIT FROM, INCREASED U.S.
ATTENTION. WE SEE TWO PRINCIPAL ADVANTAGES. FIRST IS THE
MATERIALLY OBVIOUS ONE OF NEED. HAITI IS ONE OF MANY COUNTRIES
OF THE AREA WITH MARGINAL OR SUB-MARGINAL ECONOMIES. ALTHOUGH
HAITI REPRESENTS AN EXTREME CASE OF POVERTY, THE PRINCIPLES
OF ASSISTANCE TO THE UNDERDEVELOPED COUNTRIES OF THIS AREA
ARE SIMILAR, THE SOURCES OF ASSISTANCE ARE SIMILAR, AND THE
MARKET FOR THEIR GOODS, THE U.S., IS SIMILAR. THE SECOND
BENEFIT IS THE ARTICULATION OF A U.S. INTEREST IN THE AREA
THAT IS SPECIFICALLY AND FOR THE FIRST TIME EXPRESSED IN
CARIBBEAN TERMS. WE HAVE AN OPPORTUNITY TO DEVELOP A CON-
STRUCTIVE APPROACH TO THE AREA THAT IN ITS STEADY, BROAD, AND
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POSITIVE TERMS CAN ENCOURAGE BOTH A CLOSER ASSOCIATION WITH
THE U.S. AND A MORE STABLE DEVELOPMENTAL ENVIRONMENT. IT CAN
ALSO SERVE TO PROMOTE CLOSER COOPERATIVE RELATIONS WITHIN
THE AREA AND STIMULATE A GREATER DESIRE TO LEARN AND PROFIT
FROM THE MORE PROGRESSIVE MEMBERS OF THE AREA. IT WILL BE
IMPORTANT TO INSURE THAT HAITI IS INCLUDED IN THIS
DEVELOPMENT SO THAT THE POSITIVE INFLUENCES OF THE U.S. AND
HAITI'S NEIGHBORS CAN BE BROUGHT TO BEAR ON HAITI'S DEVELOP-
MENT.

4. CREATING A REGIONAL IDENTIFY WILL BE DIFFICULT AND
PARTICULARLY SO FOR HAITI WHICH HAS ONLY RECENTLY EMERGED
FROM A SELF-IMPOSED ISOLATION. HAITI HAS BEGUN TO ESTABLISH
TENTATIVE AD HOC CONTACT WITH VENEZUELA ON PETROLEUM MATTERS,
WITH JAMAICA IN BAUXITE MATTERS, AND IS ALSO SEEKING WAYS
TO IMPROVE ITS HISTORICALLY POOR RELATIONS WITH THE
DOMINICAN REPUBLIC. BUT ADVANCEMENT OF THESE CONTACTS
WILL BE HAMPERED BY HAITI'S POVERTY AND THE FACT THAT IT HAS
EXPORTED ITS JOB HUNGRY POPULATION TO MANY CARIBBEAN NEIGH-
BORS. ITS FAILURE TO ACHIEVE MEMBERSHIP IN CARICOM, DESPITE
AN APPLICATION TWO YEARS AGO, POINTS UP THE DIFFICULTIES THAT
MAY LIE AHEAD IN PROMOTING GREATER REGIONAL DEVELOPMENT.

5. A REGIONAL APPROACH, HOWEVER, WOULD BE BENEFICIAL. THIS MISSION OFFERS TWO OPTIONS FOR THE MODALITIES TO EMPLOY IN SUPPORT OF THAT GOAL. BOTH START FROM THE HAITI-BASED ASSUMPTION THAT THE DEVELOPMENT PROCESS IS BEST ADVANCED AS A COOPERATIVE ENDEAVOR OF MULTILATERAL AND BILATERAL DONORS. ON THE BASIS OF OUR EXPERIENCE HERE, IT IS ALSO MANIFEST THAT COOPERATIVE ENDEAVOR CAN PROSPER ONLY IF THERE IS A PRECISE UNDERSTANDING OF GOALS AND IF COORDINATION BEGINS AT THE PLANNING STAGE IN THE DEVELOPMENT OF ACTUAL PROJECTS. IN THE ABSENCE OF TIGHT COORDINATION, PARTICULARLY IN UNDERDEVELOPED COUNTRIES, RESOURCES CAN BE WASTED AND POLITICAL FRICTION CAN RAPIDLY DEVELOP.

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6. THE ACTING AID DIRECTOR RECOMMENDS THAT AN ORGANIZATION FOR CARIBBEAN DEVELOPMENT (OCD) BE ESTABLISHED AS AN INDEPENDENT AGENCY. ALL DONORS AND RECIPIENT COUNTRIES WOULD

HAVE PERMANENT REPRESENTATION AT THE OCD WITH RESPONSIBILITY FOR ASSURING FULL COORDINATION OF PLANNING, ALLOCATION OF RESOURCES, DEVELOPMENT OF REGIONAL ECONOMIC POLICIES, ETC. USING THE OEEC AS A MODEL, IT WOULD PROVIDE THE RECIPIENT NATIONS A BETTER VEHICLE FOR DETERMINING DEVELOPMENT NEEDS, ESTABLISHING THE LEVEL OF RESOURCES AVAILABLE TO MEET DEVELOPMENT NEEDS, AND FOR SETTING PRIORITIES WITHIN THE LIMITED OFFICIAL USE

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AREA. THE OEEC SUCCESSFULLY DEALT WITH MANY PROBLEMS OF ECONOMIC, SOCIAL, CULTURAL, LINGUISTIC, AND HISTORICAL DIVERSITY. THE OCD WOULD SUPPLEMENT EXISTING NATIONAL PLANNING AND DEVELOPMENT INSTITUTIONS. THE PROBLEMS OF OVER-POPULATION, NEED FOR EMPLOYMENT OPPORTUNITIES, REQUIREMENTS FOR URBAN INFRASTRUCTURE ARE NOT UNIQUE TO HAITI IN THE CARIBBEAN. THEY ARE JUST MORE ACUTE. HAITI COMPETES WITH ITS NEIGHBORS IN TROPICAL AGRICULTURAL EXPORTS, FOR THE TOURIST DOLLAR, AND ATTEMPTS TO ATTRACT ASSEMBLY INDUSTRIES. THE ORGANIZATION FOR CARIBBEAN DEVELOPMENT MIGHT WELL DEAL WITH THESE REGIONAL CONFLICTS.

7. THE ECONOMIC OFFICER RECOGNIZES THE OVERALL COORDINATIVE VALUE OF A REGIONAL APPROACH BUT BELIEVES THE CREATION OF ADMINISTRATIVE ARM LIKE THE OCD COULD IMPOST COUNTERPRODUCTIVE ADMINISTRATIVE BURDENS ON COUNTRIES AS UNDERDEVELOPED AS HAITI. HAITI ALREADY HAS AMPLE EXTERNAL RESOURCES BUT IS OVERWHELMED BY THE MULTIPLE INTERESTS OF THE VARIOUS DONOR AGENCIES. THE SCARCITY OF HUMAN AND FINANCIAL COUNTERPARTS HAS FURTHER HINDERED HAITI'S DEVELOPMENT EFFORT. FOR HAITI, THE MOST URGENT REQUIREMENT IS THE DEVELOPMENT OF BETTER DONOR-GOH COORDINATION. A NEW REGIONAL APPROACH LIKE THE OCD COULD HELP MEET THAT REQUIREMENT IN PRINCIPLE BUT ONLY IF IT DID NOT ADD TO THE ALREADY CLUTTERED AND CONFUSING BUREAUCRATIC LANDSCAPE OF HAITI.

8. PRIORITIES. U.S. ASSISTANCE AND MUCH OF THE ASSISTANCE PROVIDED BY OTHER DONORS IS FOCUSED ON IMPROVING THE LOT OF HAITI'S RURAL POOR. THIS COMPLEMENTS GOH EFFORTS TO REVERSE STEADY DECREASE IN RURAL PRODUCTIVITY. IT IS HOWEVER, AN IMMENSELY COMPLICATED TASK AS AGRICULTURAL PRODUCTIVITY IS EXTREMELY LOW, THE LAND IS EXTREMELY OVERPOPULATED, AND ENVIRONMENTAL DEGRADATION IS RAPIDLY DEPLETING THE LAND LIMITED OFFICIAL USE

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RESOURCES. THE BEST THAT WE CAN HOPE IS THAT, IF WE STICK TO THE TASK LONG ENOUGH AND DEVOTE ENOUGH RESOURCES TO IT, THE

COUNTRY MIGHT RETURN TO SELF-SUFFICIENCY IN FOOD PRODUCTION IN 5-10 YEARS.

9. A MAJOR PRIORITY OF THE GOH IS TO FOSTER THE GROWTH OF LABOR INTENSIVE LIGHT INDUSTRY TO OFFER PRODUCTIVE ALTERNATIVE EMPLOYMENT OPPORTUNITIES TO SUBSISTENCE FARMERS. THE LIGHT INDUSTRIAL SECTOR IS IN FACT THE MOST DYNAMIC PART OF THE ECONOMY AND THE ONLY SECTOR WHICH CONCEIVABLY COULD GROW FAST ENOUGH TO PROVIDE THE NEEDED JOBS. POTENTIAL DOMESTIC AND FOREIGN INVESTORS, HOWEVER, ARE DISCOURAGED BY LACK OF BASIC INFRASTRUCTURE SUCH AS RELIABLE POWER, POTABLE WATER, BY INADEQUATE TRANSPORT FACILITIES, CAPRICIOUS TAX OFFICIALS, A GOH PROPENSITY TO IGNORE CONTRACTUAL OBLIGATIONS, QUESTIONABLE CUSTOMS PRACTICES, A COMPLETE LACK OF RELIABLE BASIC DATA, LACK OF A WORKING JUDICIAL SYSTEM FOR SETTLEMENT OF DISPUTES, AND A CORRUPT GOVERNMENT. BUT THE GOVERNMENT HAS INTRODUCED A NUMBER OF TAX AND OTHER INCENTIVES DESIGNED TO PROMOTE FOREIGN AND DOMESTIC INVESTMENT IN THIS SECTOR AND GROWTH HAS BEEN MEASURABLE IN THE PAST FEW YEARS. MOREOVER, INTERNATIONAL DONORS ARE PROVIDING EXTENSIVE TECHNICAL ASSISTANCE IN THE FIELD OF PUBLIC ADMINISTRATION AND ARE GRADUALLY EFFECTING SOME IMPROVEMENTS. MUCH MORE RAPID CHANGE IN THIS SECTOR IS NECESSARY FOR IT TO CONTRIBUTE ADEQUATELY TO OVERALL NATIONAL DEVELOPMENT. HAITI COULD LEARN A LOT FROM ITS NEIGHBORS.

10. GROWTH OF HAITI'S INDUSTRIAL SECTOR AND, TO SOME DEGREE, THE ECONOMY AS A WHOLE IS IMPEDED BY STRICT, SMALL U.S. IMPORT QUOTAS ON HAITIAN EXPORTS. THE TEXTILE QUOTA HAS BECOME A MAJOR PROBLEM FOR THE GOVERNMENT AND PERIODIC EMBARGOES IN SPECIFIC CATEGORIES ARE THE CAUSE. A CHANGE IN THE U.S. APPROACH IS REQUIRED IF WE ARE TO PERMIT PRIVATE INVESTMENT TO ASSUME ITS KEY DEVELOPMENTAL ROLE IN THE GROWTH OF THE HAITIAN ECONOMY. LIMITED OFFICIAL USE

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Message Attributes

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Disposition Date: 22 May 2009
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SAS ID: 1331586
Secure: OPEN
Status: NATIVE
Subject: FORMATION OF AD HOC TASK FORCE ON CARIBBEAN POLICY
TAGS: EAID, HA, US, XL
To: STATE
Type: TE
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